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C O N F I D E N T I A L LJUBLJANA 000564

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TAGS: [ECON](#) [ETRD](#) [PGOV](#) [OECD](#) [KDEM](#) [SENV](#) [SI](#)  
SUBJECT: OECD ACCESSION CRITERIA FOR SLOVENIA

REF: STATE 118192

Classified By: CDA GShelton, Reasons 1.4 (b,d)

SUMMARY  
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¶1. (SBU) In post's judgment, Slovenia should not have many difficulties fulfilling the accession to the OECD. It meets many of the pre-accession criteria and shares the fundamental common values. Since independence in 1991, its foreign policy goal has been to integrate into the Euro-Atlantic community; it joined both NATO and the EU in 2004. Although the GOS has indicated its resources will be stretched thin during the EU Presidency (January through June 2008), it is committed to the accession process. On August 30, the Government of Slovenia established a working group headed by Dr. Ziga Turk, Minister without Portfolio (in the Prime Minister's office), responsible for coordination and implementation of the Slovenian Development Strategy and Social and Economic Reforms, to lead Slovenia's accession negotiations. The accession process should spur Slovenia to speed up its slow, cautious approach to economic reform, including privatization. The accession negotiations could also provide an incentive to pressure Slovenia to improve its anti-corruption laws, which Parliament will review in October. End Summary.

PRE-ACCESSION CRITERIA  
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¶2. (SBU) Slovenia is one of the founding members of the World Trade Organization. It is an active and constructive participant in other international or regional organizations whose work is relevant to that of the OECD, including significant technical agencies such as the World Intellectual Property Organization (WIPO), the International Labor Organization (ILO), the International Monetary Fund, the World Bank, and the European Bank for Reconstruction and Development. It participates as a donor in the latter two IFIs.

LIKE-MINDEDESS  
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¶3. (SBU) As a member of both the European Union and NATO since 2004, Slovenia shares the common values that serve as implicit foundations for the work of OECD committees.

Slovenia is currently serving as the Chairman of the International Atomic Energy Agency (IAEA) Board of Governors and it served as the Organization for Security and Cooperation in Europe (OSCE) Chairman-in-Office in 2005. Since the break-up of the former Yugoslavia, Slovenia has instituted a stable, multi-party, democratic political system, characterized by regular elections. It is a parliamentary democracy and constitutional republic.

¶4. (U) Slovenia generally respects its citizens' human rights. As documented in the 2006 Human Rights Report, however, there were problems in some areas, including trial delays, cursory procedures for reviews of asylum applications, indirect governmental influence on the media, discrimination and violence against Roma and homosexuals, and discrimination against former Yugoslav residents without legal status.

¶5. (SBU) Slovenia takes a cautious and measured approach to reform, however, its record of economic management since independence in 1991 has been very good. Slovenia became the first of the new EU accession countries to join the Euro zone with its successful adoption of the Euro on January 1, 2007. Foreign trade is very important to the Slovenian economy, with the annual volume of imports and exports exceeding 100 percent of GDP. Nearly two-thirds of Slovenia's overall trade is with the EU, and the vast majority is with Germany, Italy, Austria and France. However, the current government has yet to implement the larger economic reforms promised when it came to power in 2004. The government introduced a minor tax reform in January 2007, but other reforms such as more drastic tax changes, an overhaul of the pension system in this graying country, a more flexible labor market and stimulating entrepreneurship will most likely have to wait until after the 2008 Parliamentary elections. Privatization has also been slower than we had hoped; sales of several remaining large state holdings, although planned for several years, have yet to occur. In the first quarter of 2007, its growth rate was 7.2 percent with indications that this would continue throughout 2007. Slovenia is also committed to sustainable development.

#### OECD INSTRUMENTS AND RECOMMENDATIONS

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¶6. (C) A member of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, Slovenia hosted an OECD Working Group in January-February 2007, which made a number of recommendations. The Working Group's concern about anti-bribery received a lot of public attention. In an August 30 meeting, the head of the Kos Commission for the Prevention of Corruption told Emboff that Parliament would consider competing drafts on anti-corruption in October. He explained that while the Ministry of Public Administration had proposed a draft law that would transfer anti-corruption responsibilities to the Court of Audits, a concern of the Working Group, the Kos Commission would also submit a draft law. The Kos Commission draft would broaden the current law to cover lobbying, a wider area of conflicts of interest, protection of whistle-blowers, financing of political parties and elections, and strengthen articles on anti-corruption in general. Kos doubted that the Public Administration's draft would withstand challenges in the constitutional court, but he noted that if his commission's draft passed in the first reading in October, which is a public session, it stood a good chance of final passage.

SHELTON